

BRIEFING MEETING AGENDA

UTAH BOARD OF WATER RESOURCES

Room 314
Division of Water Resources
Salt Lake City, Utah

November 8, 2002

10:00 a.m.

- | | | |
|------|--------------------------------|-------------------|
| I. | WELCOME | Chairman Peterson |
| II. | DISCUSSION OF STAFF ACTIVITIES | |
| III. | DISCUSSION OF PROJECTS | Board/Staff |
| IV. | OTHER ITEMS | |

A G E N D A

UTAH BOARD OF WATER RESOURCES

Department of Natural Resources
1594 West North Temple
Salt Lake City, Utah

November 8, 2002

1:00 p.m.

I. CALL TO ORDER

II. APPROVAL OF MINUTES - September 20, 2002

III. CHAIR'S REPORT

IV. FEASIBILITY REPORTS

County

E080 Tooele County
E088 Gunnison City

Tooele
Sanpete

V. COMMITTAL OF FUNDS

E057 Fremont Waterworks Co.

Wayne

VI. SPECIAL ITEMS

D600 Carlisle Water Co. (Amendment)	San Juan
D815 Carlisle Water Co. (Amendment)	San Juan
D618 Blanding Irr. Co. (Amendment)	San Juan
D759 Blanding Irr. Co. (Amendment)	San Juan
K203 Enterprise Res. & Canal Co. (Amendment)	Washington
N236 Enterprise Res. & Canal Co. (Amendment)	Washington
N226 New Escalante Irr. Co. (Amendment)	Garfield
E037 Payson City (Withdrawal)	Utah

VII. APPROVAL OF 2003 BOARD MEETINGS SCHEDULE

VIII. DIRECTOR'S REPORT

IX. OTHER ITEMS

X. NEXT BOARD MEETING - Dec. 19 & 20, 2002 - Salt Lake City

XI. ADJOURNMENT

BOARD OF WATER RESOURCES

Revolving Construction Fund

Funding Status

November 8, 2002

Funds Available for Projects This FY \$ 6,438,000

Projects Contracted This FY

1 Redmond Lake Irr Co	E072	\$	61,000
2 Brady Ditch Irr Co	E073		60,000
3 East Bench Irr Co	E079		445,000
4 Piute Res & Irr Co (Piute Dam)	C022	Grant **	2,752,500
5 Piute Res & Irr Co (Piute Dam)	C022	Loan **	<u>197,500</u>

Total Funds Contracted	\$	<u>3,516,000</u>
Funds Balance	\$	<u>2,922,000</u>

Projects with Funds Committed

1 Parowan West Fields Irr Co	E044	\$	15,200
2 Deseret Irr Co	E056		88,000
* 3 Fremont Waterworks Co	E057		206,000
4 Kays Creek Irr Co (Adams Dam) Amd	C001	Grant **	4,000
Commitments for Dam Safety Studies		**	<u>201,000</u>

Total Funds Committed	\$	<u>514,000</u>
Funds Balance	\$	<u>2,408,000</u>

Projects Authorized

1 Beaver Bench Irr Co	D918	\$	280,000
2 Croydon Pipeline Co	D962		35,000
3 North Canyon Irr Co	D955		315,000
4 East Bench Canal Co	E032		256,000
5 Marion Waterworks Co	E053		320,000
6 Deseret Irr Co	E056		432,000
7 Fountain Green Irr Co	E042		212,000
8 Porcupine Highline Canal Co	E062		<u>85,000</u>

Total Funds Authorized	\$	<u>1,935,000</u>
Remaining Funds Available	\$	<u>473,000</u>

* To be presented at Board Meeting

** Dam Safety Projects

BOARD OF WATER RESOURCES

Cities Water Loan Fund

Funding Status

November 8, 2002

Funds Available for Projects This FY	\$	2,297,000
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Projects Contracted This FY

1 Alpine Cove Water SSD	D930	\$	460,616	
2 Metropolitan Water Dist of Pleasant Grove City	E081		12,000	
3 Roy Water Conservancy Subdistrict	E085		19,000	
4 Centerville City	E086		16,000	
Total Bonds Closed			\$	508,000
Funds Balance			\$	1,789,000

Funds Committed to Projects

1		\$	-	
Total Funds Committed			\$	-
Funds Balance			\$	1,789,000

Projects Authorized

1 Hanna Water & Sewer District	D983	\$	1,371,000	
2 Trenton Town	L534		1,304,000	
Total Funds Authorized			\$	2,675,000
Remaining Funds Available			\$	(886,000)

* To be presented at Board Meeting

BOARD OF WATER RESOURCES
Conservation & Development Fund

Funding Status

November 8, 2002

Funds Available for Projects This FY	\$	9,055,000
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Projects Contracted/Bonds Closed This FY

1	\$	-
		-
Total Funds Contracted/Closed	\$	-
Funds Balance	\$	9,055,000

Funds Committed to Projects

1 Price City	L540	\$	2,885,000
2 Washington County WCD	E092		75,000
3 Weber Basin WCD	E093		150,000
4 Jordan Valley WCD	E094		150,000
			150,000
Total Funds Committed		\$	3,260,000
Funds Balance		\$	5,795,000

Projects Authorized

1 Uintah WCD (Red Wash)	D730	\$	1,940,000
2 Strawberry High Line Canal Co	D976		3,187,000
3 Kanab Irr Co	D968		62,000
4 Center Creek Culinary Water Co	E020		450,000
5 Uintah WCD (Island Ditch)	E036		720,000
6 Mountain Regional Water SSD	E040		1,675,000
7 Midway Irr Co	E064		2,414,000
8 Town of Brian Head	L541		1,700,000
9 Magna Water Co an Improvement District	E068		700,000
10 New Santa Clara Field Canal Co	E069		930,000
11 Johnson Water District	E070		659,000
12 Ephraim Irr Co	E061		1,155,000
13 Centerville City	L544		1,142,000
14 Elsinore Town	L545		514,000
* 15 Tooele County	E080		700,000
* 16 Gunnison City	E088		687,000
			687,000
Total Funds Authorized		\$	18,635,000
Remaining Funds Available		\$	(12,840,000)

* To be presented at Board Meeting

BOARD OF WATER RESOURCES

November 8, 2002

ADDITIONAL ACTIVE PROJECTS		Fund	Est. Board Cost	Total Cost
Authorized or Committed Projects				
1 Davis & Weber Counties Cnl Co (Ph 4)	D674	C&D	\$ 10,925,000	\$ 12,853,000
2 Carbonville Ditch Co	D887	RCF	462,000	597,000
3 Central Utah WCD (Prepay FY98,99,00)	D960	C&D	3,000,000	3,000,000
4 Washington County WCD (Ivins)	D925	C&D	1,390,000	5,100,000
5 Weber Basin WCD (Secondary Irr, Ph 2-5)	E029	C&D	28,369,000	33,375,000
6 Davis & Weber Counties Cnl Co(Cnl Rehab)	E035	C&D	18,230,000	21,447,000
7 Hooper Irr Co (Press Irr)	E060	C&D	16,575,000	19,500,000
Subtotal			\$ 78,951,000	\$ 95,872,000
Projects Under Investigation				
1 Downs Ditch Water Co	D899	RCF	\$ 7,500	\$ 10,000
2 K Ranch LLC	D954	RCF	206,250	275,000
3 Keith Johnson	D996	RCF	37,500	50,000
4 Billy Bethers Spring, Cul, & Domestic	E021	RCF	300,000	400,000
5 Marion Park Estates	E065	RCF	173,250	231,000
6 Mayfield Irr Co	E067	RCF	187,500	250,000
7 Rock Dam Irr Co	E083	RCF	37,500	50,000
* 8 Bear River Canal Co	E097	RCF	463,500	618,000
9 Summit County Service Area #3	E045	CWL	414,750	553,000
10 Woodruff Irrigating Co	D680	C&D	600,000	800,000
11 Kane County WCD	D828	C&D	1,500,000	2,000,000
12 Richfield City	D898	C&D	450,000	600,000
13 Uintah WCD (Leota Bench)	D944	C&D	750,000	1,000,000
14 East Carbon City (Dam)	D969	C&D	7,500,000	10,000,000
15 Gunnison Butte Mutual Irr Co	E004	C&D	1,254,000	1,475,000
16 Town of Altamont	E012	C&D	142,500	190,000
17 City of South Jordan	E034	C&D	2,253,000	3,004,000
18 Hyrum Blacksmith Fork Irr Co	E047	C&D	2,025,000	2,700,000
19 East Juab County WCD	E071	C&D	375,000	500,000
20 New Escalante Irr Co	E077	C&D	5,625,000	7,500,000
21 Ferron Canal & Res Co	E082	C&D	-	-
22 Whiterocks Irr Co	E084	C&D	1,500,000	2,000,000
23 Richland Nonprofit Water Co	E087	C&D	750,000	1,000,000
24 Wolf Creek Water Conservancy Co	E089	C&D	557,250	743,000
25 Parowan City	E090	C&D	204,000	272,000
* 26 Taylor-West Weber WID	E095	C&D	600,000	800,000
* 27 Logan, Hyde Park, Smithfield Canal Co	E096	C&D	1,301,250	1,735,000
Subtotal			\$ 29,214,750	\$ 38,756,000
TOTAL			\$ 108,165,750	\$ 134,628,000

* New Applications

BOARD OF WATER RESOURCES

November 8, 2002

Long Term Large Water Conservation Projects

1 Sanpete WCD (Narrows Dam)	D377
2 Wayne County WCD	D494
3 Cedar City Valley Water Users	D584
4 Bear River WCD	D738
5 Mapleton City	D886

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-080**

Received: 6/7/02

Approved: 8/9/02

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **TOOELE COUNTY**

Commission Chair: Dennis L. Rockwell

LOCATION: The proposed project is located about halfway between Tooele and Grantsville in Tooele County.

EXISTING CONDITIONS & PROBLEMS: The Deseret Peak Complex is a recreational facility about five miles northwest of Tooele. The complex is used by the county to sponsor softball and soccer, as well as other events and activities such as swimming, archery, rodeo, horse racing, and motocross. The complex also houses firefighter and mining museums. Tooele City has supplied the complex with culinary water, used both indoors and outdoors, since its construction in 1999.

Tooele City's ability to supply water the past several years has been affected by rapid residential growth and by drought; the water level in all city wells has steadily declined. The city has increased its culinary water rates to \$2.00 per thousand gallons, and has imposed mandatory watering restrictions on all its connections. Since the county's recreational complex lies outside Tooele City limits, the city has restricted the complex's water use to indoors and the swimming pool only.

To keep water for outdoor use flowing to the complex, the county has installed a temporary, aboveground transmission pipeline as a stopgap measure. This pipeline is supplied by an irrigation well owned by and located on the Tooele Army Depot (TAD). The well can only be used this year, however, because it is

next to a contaminated plume of underground water and prolonged pumping of it may spread the plume. The cost so far to the county of using this temporary water source is approximately \$90,000.

PROPOSED
PROJECT:

The county is requesting financial assistance from the board to drill and equip a culinary water well near Grantsville, and tie it to the complex with about 5 1/2 miles of 18-inch PVC transmission pipeline. The well will be located to stay away from the plume of contamination around TAD. The proposed system will tie into the Grantsville City culinary system, providing it additional storage and fire protection as well. Water from the project will be used both indoors and out, and will allow the county to deactivate its culinary water connection with Tooele City. The projected pumping cost of the proposed project is \$0.25 per thousand gallons.

The project will initially serve water to about 35 acres of existing sports fields and playgrounds, and water for indoor use and the swimming pool. The project will be designed to irrigate up to 160 acres of green space when Deseret Peak is built out in ten years, as projected by the county. The county does not presently operate other water systems and has negotiated a contract with Grantsville City for operation and maintenance of the proposed project.

Forsgren Associates in Salt Lake City will prepare plans and specifications and perform construction engineering.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE: The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Drill & Equip Well	LS	\$350,000	\$ 350,000
2.	Power Line	10,000 LF	10.00	100,000
3.	Backup Generator	LS	50,000	50,000
4.	18-inch PVC Pipe	30,100 LF	33.00	993,300
5.	18-inch Mainline Valve	6 EA	2,800	16,800

6. Air Vacuum Valve	6 EA	2,500	15,000
7. Road Crossing	LS	40,000	40,000
8. Road Repair	LS	20,000	20,000
9. Chlorination Facilities	LS	25,000	25,000
10. Meter & Manhole	2 EA	20,000	40,000
Construction Cost			\$1,650,100
Contingencies			164,900
TAD Easements			20,000
Legal and Administrative			45,000
Design and Construction Engineering			120,000
TOTAL			\$2,000,000

COST SHARING
& REPAYMENT:

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 700,000	35%
Market Loan	800,000	40
Sponsor	500,000	25
TOTAL	\$2,000,000	100%

If the board authorizes the project, it is suggested the board participate in an interest rate buydown with the county. The market loan would be repaid in 17 years at 5% interest, and the \$700,000 bonded indebtedness to the board would be repaid concurrently in 17 years at 1% interest. This results in a combined interest rate of 3.0%. A board loan of 1% is selected because it yields repayment figures that most closely match the project's initial benefit of \$116,300, multiplied by 75% of the cost to be funded by loans. Approximate annual payments will be:

<u>Year</u>	<u>Board Loan</u>	<u>Market Loan</u>	<u>Reserve Payment</u>
2004	\$ 7,000	\$ 66,107	\$ 15,400
2005	7,000	66,107	15,400
2006	7,000	66,107	15,400
2007	12,000	66,107	15,400
2008	20,000	66,107	15,400
2009	27,000	66,107	15,400
2010	35,000	66,107	15,400

2011	42,000	66,107	15,400
2012	49,000	66,107	15,400
2013	57,000	66,107	15,400
2014	72,000	81,507	
2015	72,000	81,507	
2016	72,000	81,507	
2017	72,000	81,507	
2018	72,000	81,507	
2019	72,000	81,507	
2020	93,000	81,507	

ECONOMIC
FEASIBILITY:

The proposed project is economically feasible if its cost for construction, operation, maintenance, and replacement is less than the costs associated with the best alternative, which is considered to be connecting to Grantsville Irrigation Company's existing system to deliver low quality water to meet irrigation requirements at the complex. In the analysis of the best alternative, staff assumed Tooele County would drill the same well and replace low quality irrigation water with groundwater. Doing so reduces the length of pipeline by more than a mile, and eliminates the need for the county to purchase shares in Grantsville Irrigation Company. Purchasing irrigation company shares at the current market price is more costly than drilling the county well.

Constructing facilities to deliver Grantsville Irrigation Company water would cost \$1,650,000, which is \$350,000 less than the proposed project. Tooele County would still have to purchase about 44 acre-feet from Tooele City for culinary uses, including the swimming pool, at a cost of \$2.00 per thousand gallons under this alternative.

When all costs of both the proposed project and the best alternative are discounted to present value over 50 years, the proposed project is marginally less costly than the best alternative; the benefit/cost ratio is 1.05.

FINANCIAL
FEASIBILITY:

Annual benefits are estimated by subtracting project O & M and pumping costs from the projected cost of Tooele City water:

	<u>Annual Cost</u>
Tooele Water Cost	\$ 158,400
Project O&M	-18,000
Pumping Cost	<u>-24,100</u>
Annual Net Benefit	\$ 116,300

BENEFITS: The project will give the county a permanent, affordable supply of culinary and irrigation water for the Deseret Peak Complex.

PROJECT SPONSOR: The Deseret Peak Recreational Complex was built in 1999 with mitigation fees from the United States Army South Area Chemical Demilitarization Facility and from hazardous waste disposal companies in Tooele County. The complex is built on land owned by the Grantsville Soil Conservation District, with which the county has signed a 100-year lease agreement. The complex features indoor and outdoor arenas, archery park and range, motocross and BMX courses, 3/4 mile horse racing track and stand, Oquirrh Mountain Mining Museum, Utah State Firefighters Museum, Olympic size swimming pool, wading area with fountains, water slide, softball complex, multi-use pavilion, picnic areas, playgrounds, and soccer fields, and is the annual Tooele County Fair site.

Tooele County has not received assistance from the board in the past.

WATER RIGHTS & SUPPLY: Tooele County owns or has purchased the following well rights associated with the project:

<u>Right No.</u>	<u>Quantity (acre-feet)</u>
15-365	68.96
15-381	209.40
15-638	51.38
15-639	51.38
15-1010	15.19
15-1011	21.35
15-1012	18.71
15-1013	5.28
15-1018	23.98
15-1019	46.53
15-1155	60.00
15-4224	<u>200.00</u>
TOTAL	772.16

EASEMENTS: Easements will need to be obtained from TAD, UP&L, UDOT, and private property owners.

ENVIRONMENTAL: Since the proposed project will be constructed in previously disturbed fields and rights-of-way, the major environmental impact will be from dust and noise.

WATER
CONSERVATION: Tooele County does not presently operate other water systems and has a contract with Grantsville City for operation and maintenance of the proposed project. As a condition of project funding, the county will be required to obtain and implement recommendations of a water audit regarding irrigation practices used at the Deseret Peak Complex.

SPONSOR'S
RESPONSIBILITIES: The county will be required to make all arrangements to sell the board a non-voted revenue bond as well as verify it has adequate water rights and rights-of-way to construct the project. If the project is authorized, a list of requirements and procedures necessary to close the loan will be furnished to the county.

PROJECT
CONTACT
PEOPLE: Commission Chair: Dennis L. Rockwell
47 South Main
Tooele, UT 84074
Phone: (435) 843-3150

Commissioner: Teryl Hunsaker
47 South Main
Tooele, UT 84074
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Commissioner: Gene White
47 South Main
Tooele, UT 84074
Phone: (435) 843-3150

County Engineer: Ray Johnson
47 South Main
Tooele, UT 84074
Phone: (435) 843-3179

Engineer: Forsgren Associates
370 E. 500 S., Ste 200
Salt Lake City, UT 84111
Phone: (801) 364-4785

BOARD OF WATER RESOURCES

Feasibility Report

Conservation and Development Fund

Appl. No.: **E-088**

Received: 8/19/02

Approved: 9/20/02

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **GUNNISON CITY**

Mayor: Mark Henline

LOCATION: The proposed project is located in and around Gunnison City in Sanpete County.

EXISTING CONDITIONS & PROBLEMS: Gunnison City supplies culinary water to about 641 connections, most of which are connected to a pressurized secondary irrigation system built in the mid-1980s. At that time the city purchased 600 shares in Gunnison Irrigation Company for water to use in the secondary system. The city recently purchased an additional 60 shares for water to meet increased demand, but the pipeline infrastructure has capacity for only the original 600 shares.

In addition to homes, the pond and transmission pipeline supplying the secondary system provide irrigation water to about 50 acres at the state correctional facility on the north end of town, 65 acres at the high school, 65 total acres for two farms within the city limits, 25 acres of undeveloped land within the city limits, and 450-500 acres of agricultural land adjacent to Gunnison.

Water for the system is diverted from the San Pitch River into the Highland Canal, and then travels to a regulating pond whose original 30 acre-foot capacity has been significantly reduced by sedimentation. Leaving the pond are two 21-inch PVC transmission pipelines, one of which continues into the northern end of Gunnison, serving some agricultural land on the northeast side; pressures in the northern end of the secondary system are about 10 psi. The other 21-

inch pipeline from the pond reduces in size to 18-inches near town and serves agricultural land south of Gunnison as well as secondary water to homes south of the San Pitch River; the capacity of this second pipeline is not adequate for shares used in the area.

With the current pressure and capacity problems of the system, the city cannot support any additional connections. Since it requires new homes to have a secondary connection, growth is limited. There are about 100 acres around the city that could be developed into residential or commercial lots, some of the owners of which chose to not participate in the secondary system when it was originally built; they would like to be connected to the system now, however. It is anticipated that about 80% of the 100 developable acres in town will immediately connect to the system if improvements are made.

PROPOSED
PROJECT:

The city is requesting financial assistance from the board to make improvements to its pressurized secondary irrigation system by installing an additional 21-inch PVC pipeline to divert water from the Highland Canal about two miles northeast of the existing diversion. This water will travel through the pipe about 22,000 feet into a new 17 acre-foot regulating pond, and then 6,000 feet to the north side of Gunnison. The existing pipeline from the original diversion point will be capped at a strategic location so the new pipe can be hooked into it, thereby creating two different systems. The city also proposes to install an 18-inch PVC pipe parallel to the existing 18-inch line serving the southern side of Gunnison, to provide additional capacity to the system, install flush valves, loop some of the pipes in town, remove some sediment from the existing pond, and purchase additional water shares from Gunnison Irrigation Company as they become available. Technical assistance is being provided by Franson-Noble and Associates in American Fork.

The project fits in Prioritization Category 2 (municipal project required to meet existing or impending need).

COST ESTIMATE:

The following cost estimate is based on the engineer's preliminary design and has been reviewed by staff:

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit Price</u>	<u>Amount</u>
1.	Mobilization	LS	\$82,000	\$ 82,000
2.	Canal Turnout w/Flowmeter	LS	20,000	20,000
3.	PVC Pipe			
a.	21-inch	22,400 LF	17.50	392,000
b.	18-inch	11,300 LF	15.00	169,500
c.	10-inch	800 LF	7.00	5,600
d.	8-inch	1,600 LF	6.50	10,400
e.	6-inch	4,000 LF	6.00	24,000
f.	4-inch	1,000 LF	5.00	5,000
g.	3-inch	2,500 LF	4.50	11,250
h.	1 1/2 inch	700 LF	3.00	2,100
4.	Valves & Fittings	LS	61,000	61,000
5.	17 A-F Regulating Pond	LS	122,000	122,000
6.	30 A-F Regulating Pond Sediment Removal	LS	25,000	25,000
Construction Cost				\$ 929,850
Contingencies				92,150
Water Shares Purchase				100,000
Legal and Administrative				26,000
Design and Construction Engineering				139,000
TOTAL				\$1,287,000

**COST SHARING
& REPAYMENT:**

The recommended cost sharing and repayment are:

<u>Agency</u>	<u>Cost Sharing</u>	<u>% of Total</u>
Board of Water Resources	\$ 477,000	37%
Central Utah WCD (Sec. 206)	650,000	51
Sponsor	160,000	12
TOTAL	\$1,287,000	100%

If the board authorizes the project, it is suggested the bonded indebtedness of \$477,000 be repaid in 21 years at 1% interest with annual payments ranging from approximately \$16,000 to \$64,600 (includes reserves).

ECONOMIC
FEASIBILITY:

The proposed project is economically feasible if its cost for construction, operation, maintenance, and replacement is less than the costs associated with the best alternative. Since the proposed project consists of extending the service area of an existing water system and making modifications to improve pressures, and no new sources of water are being developed, the benefit/cost ratio is assumed to be 1.0

FINANCIAL
FEASIBILITY:

Based on the board's water service affordability guidelines, Gunnison residents could pay up to \$31.56 monthly for all water. The cost of water with the proposed project, based on 654 projected residential connections when the first annual payment to the board is due in 2004, is as follows:

	<u>Annual Cost</u>	<u>Cost/Conn/Mo</u>
O & M (Culinary)	\$ 236,000	\$ 30.07
O & M (Secondary)	16,000	2.04
Gunnison Valley Bank (acquired water shares, thru 2004)	8,205	1.04
Gunnison Irrigation Co. (work on 30 A-F pond, thru 2012)	296	0.04
Existing Community Impact Board Loan (thru 2009)	5,826	0.74
Existing Drinking Water Board Loan (thru 2017)	12,000	1.53
Existing BWRRe Loan (thru 2012)	13,000	1.66
Proposed BWRRe Loan	16,000	2.04
TOTAL	\$ 307,327	\$ 39.16

While this project benefits existing users, it will mainly benefit new users. The city is planning to assess new users a fee (also being collected from existing users through 2005) that will help cover the cost of repaying the proposed loan.

Current monthly culinary water rates are \$13.50 for the first 15,000 gallons, and \$0.90 per thousand gallons above that. Although the base rate seems low compared to the actual costs to operate the existing system and to build the proposed project, it is noted that the correctional facility uses several million gallons monthly (nearly 1/3 of all water consumed in Gunnison) and pays \$3,000-\$3,500, aiding the city in expenditures for water.

The city also collects \$9.00/share annually for secondary water; it appears to staff this could be raised to cover direct operation and maintenance expenses of the secondary system. The city has not raised secondary rates, however, because it is able to cover costs with additional interest (\$17,000 annually) collected from shareholders still paying for connection fees. The city also rents about 60 shares of water to farmers, which covers about \$1,800 in expenses.

BENEFITS: With the proposed improvements, there will be adequate system pressure and capacity on both sides of the San Pitch River to serve the agricultural land and homes around town. The project will allow growth, development, and additional secondary connections as the city is able to purchase shares in the Gunnison Irrigation Company.

PROJECT SPONSOR: Gunnison City has a current population of approximately 2,400, which includes approximately 800 correctional facility inmates. The non-inmate population has grown at an average annual rate of 1.2% since 1990; the Governor's Office of Planning and Budget projects an average annual growth rate of about 1.04% over the next 20 years.

The city has received board assistance on three previous occasions. In 1978 it received \$100,000 for development of the Voorhees Well and in 1986 it received \$705,000 for the secondary irrigation system; both of those loans have been repaid. In 1991 the city received \$300,000 for a culinary well, transmission pipeline, and storage tank project; that loan is being repaid at 0% interest with annual payments of \$13,000 through 2008, and \$25,000 from 2009-2012.

WATER RIGHTS & SUPPLY: The city's culinary water rights are:

<u>Description</u>	<u>Right No.</u>	<u>Flow (cfs)</u>
Peacock Springs	65-3376	0.705
Little Ninemile Spring	63-2512	0.45
Wells	63-358	2.0

The city also owns 660 shares in the Gunnison Irrigation Company for its secondary water.

EASEMENTS: The city will be responsible for securing easements to install pipeline not in existing easements, and to construct the regulating pond.

ENVIRONMENTAL: Very little disruption to the environment is expected.

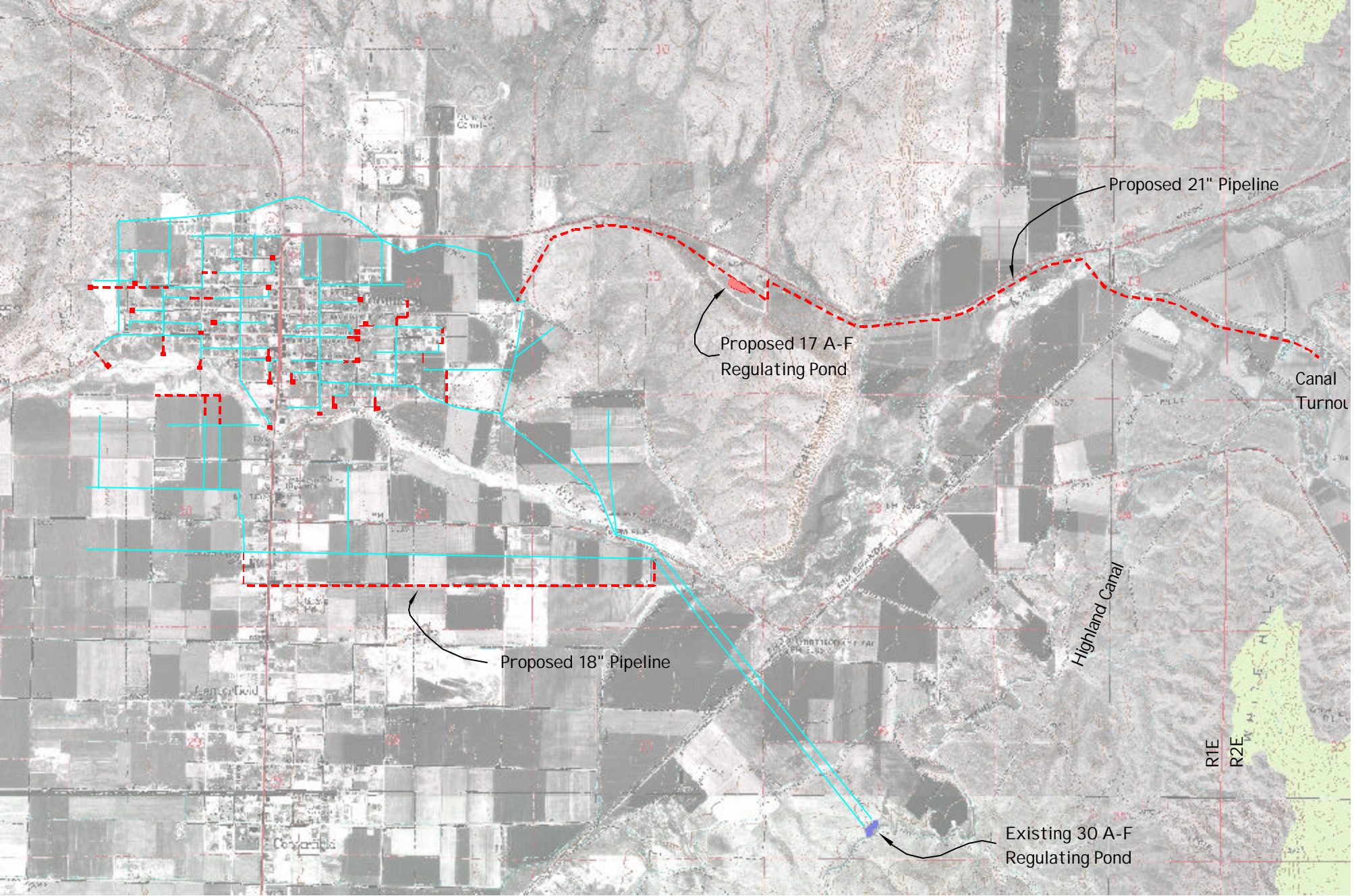
WATER
CONSERVATION: As conditions of project funding, the city will be required to prepare a Water Management and Conservation Plan, adopt an ordinance prohibiting pressurized irrigation of landscapes between the hours of 10:00 a.m. and 6:00 p.m., and adopt progressive rate structures.

SPONSOR'S
RESPONSIBILITIES: The city will be required to make all arrangements to sell the board a non-voted revenue bond as well as verify it has adequate water rights and rights-of-way to construct the project. If the project is authorized, a list of requirements and procedures necessary to close the loan will be furnished to the city.

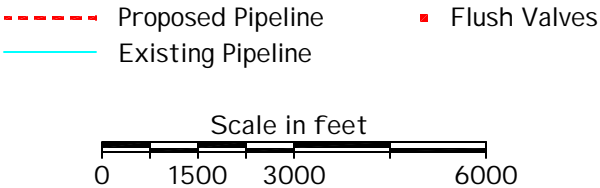
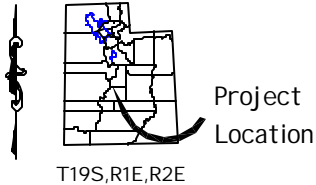
PROJECT
CONTACT
PEOPLE: Mayor: Mark Henline
38 West Center
PO Box 790
Gunnison, UT 84634
Phone: (435) 528-7969

City Councilman: Rodney Taylor
38 West Center
P.O. Box 790
Gunnison, UT 84634
Phone: (435) 528-7969

Engineer: Linda Day
Franson-Noble & Assoc.
776 East Utah Valley Dr.
American Fork, UT 84003
Phone: (801) 756-0309



GUNNISON CITY
Secondary Water System Improvements
Sanpete County



BOARD OF WATER RESOURCES

Committal of Funds

Revolving Construction Fund

Appl. No.: **E-057**

Received: 8/9/01
Approved: 9/21/01
Authorized: 11/02/01

To be presented at the November 8, 2002 Board Meeting

SPONSOR: **FREMONT WATERWORKS COMPANY**

President: Dick Taylor
P.O. Box 161
13 East 100 North
Fremont, UT 84747
Phone: (435) 836-2784

LOCATION: The proposed project is located in and around the community of Fremont, about four miles north of Loa in Wayne County.

PROJECT SUMMARY: The sponsor is requesting financial assistance from the board to improve its culinary water system by installing 8-inch PVC transmission pipeline parallel to an existing 4-inch asbestos-cement line, replacing 4-inch and smaller asbestos-cement distribution pipelines with 8-inch PVC, and installing fire hydrants.

COST ESTIMATE & SHARING: Based on final design, more pipe, fire hydrants, and service connections will be required than assumed in the authorized cost estimate. Also, the sponsor now plans to replace about 40 old water meters, which is an addition to the project. The authorized and proposed cost sharing are:

<u>Agency</u>	<u>Authorized Cost Sharing</u>	<u>% of Total</u>	<u>Proposed Cost Sharing</u>	<u>% of Total</u>
BWRe	\$ 150,000	19%	\$ 206,000	23.5%
Rural Development (Grant)	375,000	47	375,000	42.9
Rural Development (Loan)	225,000	28	225,000	25.7
Sponsor	<u>50,000</u>	<u>6</u>	<u>69,000</u>	<u>7.9</u>
	\$ 800,000	100%	\$ 875,000	100%

PURCHASE
AGREEMENT:

The purchase agreement authorized by the board requires the project to be purchased at 0% interest with annual payments of \$1,000 the first 11 years, and \$2,000 to approximately \$28,000 the next 13. If the board commits funds to the project, it is proposed the \$206,000 be returned at 0% interest with annual payments of \$1,000 the first seven years, and \$2,000 to approximately \$34,000 the next 17.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Revolving Construction Fund

Appl. No.: **D-600**

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **CARLISLE WATER COMPANY**

President: John W. Redd II
P.O. Box 535
Monticello, UT 84535
Phone: (435) 587-2346

LOCATION: The project is located about three miles northwest of Monticello in San Juan County.

SUMMARY: In 1986 the sponsor installed a drainage system at the toe of Gordon Dam, constructed an earthen berm to stabilize the dam embankment, and placed fill and riprap on the upstream face of the dam to restore its integrity.

The board provided about \$40,000 for the project, which is being returned with annual payments of \$2,100 through the year 2006 with a final, \$1,166 payment due in 2007; the sponsor is current on its payments. Due to the severe drought in San Juan County and the sponsor's almost total lack of water and crop production this year, however, it will have a difficult time making this year's December payment to the board and requests a year's postponement of it (see letter).

STAFF
RECOMMENDATION: Staff recommends the board authorize an amendment to its agreement with the sponsor, postponing this year's payment one year and making all remaining payments to the board due one year later than presently required.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Revolving Construction Fund

Appl. No.: **D-815**

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **CARLISLE WATER COMPANY**

President: John W. Redd II
P.O. Box 535
Monticello, UT 84535
Phone: (435) 587-2346

LOCATION: The project is located about three miles northwest of Monticello in San Juan County.

SUMMARY: About seven years ago the sponsor completed raising Gordon Dam approximately five feet, which doubled the previous 180 acre-foot capacity of the reservoir.

The board provided about \$86,000 for the project, plus engineering, which is being returned with annual payments of \$4,900 through the year 2006, \$5,900 in 2007, \$7,000 from 2008 through 2017, and a final payment of about \$1,600 in 2018; the sponsor is current on its payments. Due to the severe drought in San Juan County and the sponsor's almost total lack of water and crop production this year, however, it will have a difficult time making this year's December payment to the board and requests a year's postponement of it (see letter).

STAFF
RECOMMENDATION: Staff recommends the board authorize an amendment to its agreement with the sponsor, postponing this year's payment one year and making all remaining payments to the board due one year later than presently required.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Revolving Construction Fund

Appl. No.: **D-618**

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **BLANDING IRRIGATION COMPANY**

President: J. Merlin Grover
1877 East Harris Lane (102-7)
Blanding, UT 84511
Phone: (435) 678-2589

LOCATION: The project is located about two miles south of
Blanding City in San Juan County.

SUMMARY: In 1986 the first 3 1/2 miles of the sponsor's
irrigation ditch were replaced with pipeline. In 1987
the Board of Water Resources provided \$450,000 (44%)
to the sponsor to help replace the remaining eight
miles of its ditch with pipeline; the financial
assistance is being returned to the board at 0%
interest with annual payments of \$23,000 through 2006,
and a final payment of about \$18,600 in 2007.

Due to the severe drought in San Juan County and the
sponsor's almost total lack of crop production this
year, it will have a difficult time making this year's
December payment to the board, and request a year's
postponement of it (see letter).

STAFF
RECOMMENDATION: Staff recommends the board authorize an amendment to
its agreement with the sponsor, postponing this year's
payment one year and making all remaining payments to
the board due one year later than presently required.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Revolving Construction Fund

Appl. No.: **D-759**

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **BLANDING IRRIGATION COMPANY**

President: J. Merlin Grover
1877 East Harris Lane (102-7)
Blanding, UT 84511
Phone: (435) 678-2589

LOCATION: The project is located east and north of Blanding City in San Juan County.

SUMMARY: In the mid-1990s the Board of Water Resources provided about \$273,000 (80%) to the sponsor to install a pressurized sprinkle irrigation system over 600 acres; the financial assistance is being returned to the board at 0% interest with annual payments of \$12,000 through 2019, and a final payment of about \$6,100 in 2020.

Due to the severe drought in San Juan County and the sponsor's almost total lack of crop production this year, it will have a difficult time making this year's December payment to the board, and requests a year's postponement of it (see letter).

STAFF
RECOMMENDATION: Staff recommends the board authorize an amendment to its agreement with the sponsor, postponing this year's payment one year and making all remaining payments to the board due one year later than presently required.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Conservation and Development Fund

Appl. No.: **K-203**

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **ENTERPRISE RESERVOIR & CANAL COMPANY**

President: James L. Simkins
P.O. Box 67
Enterprise, UT 84725
Phone: (435) 878-2324

LOCATION: The project is located about 11 miles southwest of the City of Enterprise in Washington County.

SUMMARY: In 1980 the sponsor's Upper Enterprise Dam was repaired and enlarged. The board provided about \$535,000 (100%) for construction, and the sponsor is returning the current balance of \$411,968 at 0% interest with annual payments of about \$12,900 through 2034.

Due to the severe drought in Washington County and the sponsor's extremely low water supply and crop production this year, it will have a difficult time making its March payment to the board and requests a year's postponement of it (see letter).

STAFF
RECOMMENDATION: Staff recommends the board authorize an amendment to its agreement with the sponsor, postponing the 2003 payment one year and making all remaining payments to the board due one year later than presently required.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Payment Deferral

Conservation and Development Fund

Appl. No.: **N-236**

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **ENTERPRISE RESERVOIR & CANAL COMPANY**

President: James L. Simkins
P.O. Box 67
Enterprise, UT 84725
Phone: (435) 878-2324

LOCATION: The project is located near the City of Enterprise in Washington County.

SUMMARY: In the early 1980s the sponsor installed a gravity pressurized sprinkle irrigation system over about 2,000 acres. The board provided about \$2.25 million (100%) for construction, and the sponsor is returning the current principal balance of \$1,606,368 at 3% interest with annual payments of about \$104,200 through 2023.

Due to the severe drought in Washington County and the sponsor's extremely low water supply and crop production this year, it will have a difficult time making its March payment to the board and requests a year's postponement of it (see letter).

STAFF
RECOMMENDATION: Staff recommends the board authorize an amendment to its agreement with the sponsor, postponing the 2003 payment one year and making all currently scheduled principal and interest payments due one year later than presently required. No interest will accrue from March 1, 2003, through February 29, 2004.

BOARD OF WATER RESOURCES

Special Item

Contract Amendment - Interest Forgiveness

Conservation and Development Fund

Appl. No.: **N-226**

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: **NEW ESCALANTE IRRIGATION COMPANY**

President: Bartt Carter
P.O. Box 535
Escalante, UT 84726
Phone: (435) 826-4202

LOCATION: The project is located on land served by the sponsor around Escalante City in Garfield County.

SUMMARY: The Board of Water Resources provided financial assistance to the sponsor in 1981 for construction of a pressurized irrigation system serving 2,700 acres. The system serves the sponsor's agricultural lands and provides lawn and garden watering to shareholders in Escalante. The board paid 100% of the project cost of about \$2 million. The financial assistance was to be returned to the board over a 35-year period at 3% interest with annual payments of approximately \$101,000. In February, 1988, because of the cost of litigation between the sponsor and downstream water users on Alvey Wash, the board amended the sponsor's contract, reducing its annual payment to \$70,000 for the years 1988 through 1990, with payments to be about \$105,000 for the years 1991 through 2018. In March, 1990, the sponsor requested the board defer its payment of \$70,000 for one year. The board voted to make the due date May, 1990, instead, at which time the sponsor made the \$70,000 payment.

In early 1992 the sponsor requested the board defer the March, 1992 payment. The board granted the request and directed staff to work with the sponsor to come up with a repayment schedule that could be met.

In February, 1993, the board amended the sponsor's contract, reducing the 3% interest rate to 1.5% and making payments for 1993, 1994, 1995, and 1996 \$25,000, \$60,000, \$67,000, and \$69,000, respectively. Payments from 1997 through 2020 increase \$2,000 annually over the previous year's payment. The final payment to the board will be made in the year 2021, and will be approximately \$95,000.

Due to 1996's severe reduction in water supply and crop production in the Escalante area, the sponsor requested the \$28,737.61 interest portion of its \$71,000 payment due March 1, 1997, be forgiven. The board approved that request.

STATUS & STAFF Due to the past several years of severely reduced
RECOMMENDATION: water supply and crop production in the Escalante area
 (see letter), the sponsor requests the \$24,328.32
 interest portion (based on a current principal balance
 of \$1,621,886) of its \$83,000 payment due March 1,
 2003, be forgiven. Staff recommends the board approve
 that request.

BOARD OF WATER RESOURCES

Special Item

Withdrawal

Conservation and Development Fund

Appl. No.: ***E-037***

Received: 9/5/00

Approved: 9/22/00

To be Presented at the November 8, 2002 Board Meeting

SPONSOR: ***PAYSON CITY***

Mayor: Bernell C. Evans
439 West Utah Ave.
Payson, UT 84651
Phone: (801) 465-5200

LOCATION: The proposed project is located about two miles southeast of Payson in southern Utah County.

SUMMARY: The city requested financial assistance from the board to construct a 6,000 acre-foot irrigation water storage reservoir in the Walker Flat area of Payson Canyon.

Because the city is now undecided as to whether to build the project, and feels that at best it may be many years before it proceeds, staff recommends the application to the board be withdrawn from further consideration.

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **E-095**

Received: 9/16/02

SPONSOR: **TAYLOR-WEST WEBER WATER IMPROVEMENT DISTRICT**

Chairman: Val Surrage
4660 West 1150 South
Ogden, UT 84404
Phone: (801) 731-1668

LOCATION: The proposed project is located about eight miles west of Ogden in Weber County.

PROPOSED PROJECT: The sponsor is requesting assistance to construct a two million gallon culinary water storage tank, and install a pumping station and pipeline to connect the tank to the sponsor's existing distribution system.

WATER RIGHTS: Well right 35-1613 (a4971) for 2 cfs.

COST ESTIMATE: \$800,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **E-096**

Received: 10/28/02

SPONSOR: **LOGAN, HYDE PARK, SMITHFIELD CANAL COMPANY**

President: Fred Krusi
338 East 400 North
Hyde Park, UT 84318
Phone: (435) 563-5590

LOCATION: The proposed project extends from the mouth of Logan Canyon, in Cache County, about two miles easterly into the canyon.

PROPOSED PROJECT: The sponsor is requesting assistance to replace about two miles of irrigation canal with pipeline. Approximately 20% of water diverted from the Logan River into the canal is currently lost from the diversion to where the water is first used at the Logan Golf and County Club.

WATER RIGHTS: 25-3055, 3513, 4142, 6145, 6146, 6147, 6148

COST ESTIMATE: \$1,735,000

BOARD OF WATER RESOURCES

Application Summary

Appl. No. **E-097**

Received: 10/29/02

SPONSOR: **BEAR RIVER CANAL COMPANY**

President: Charles W. Holmgren
275 North 1600 East
Tremonton, UT 84337
Phone: (435) 257-5975

LOCATION: The proposed project is located about nine miles north of Tremonton in Box Elder County.

PROPOSED PROJECT: The sponsor is requesting assistance to replace an existing elevated irrigation water flume, across the Malad River, with an inverted siphon pipeline.

WATER RIGHTS: In the name of the board.

COST ESTIMATE: \$618,000

BOARD OF WATER RESOURCES
TOUR OF GREEN RIVER AND BLANDING AREA

September 19, 2002

Board members, selected staff and guests drove to Green River on September 18 and stayed at the Comfort Inn. At about 8:30 the next morning everyone got in vans and rode around Green River. Randy Nelson and Lee Thayn of the Gunnison Butte Mutual Irrigation Company rode with the group and talked about the proposed project for the Nelson's.

The group stopped at the project site while Mr. Nelson showed an aerial map of the project area and pointed out the proposed project features and operation. Everyone walked down to the area on the Green River where Mr. Nelson is proposing to put a pumping station that would be powered by electricity. Board members asked about the pumps and costs for the power. The group drove by Mr. Nelson's sod farm operation before returning to the motel.

About 10:30 a.m. everyone left Green River and stopped at the Grand County Water Conservancy District office in Moab. The group drove through the Spanish Valley area and stopped at the diversion structure on Mill Creek that was built in 1981 and partially financed by the Board. The group also stopped at Ken's Lake where John Chartier of Sunrise Engineering explained a possible project to get more water into the lake.

After leaving Moab, everyone stopped at the city park in Monticello, where the group was met by Trent Schafer, the city manager and Ferd Johnson, the manager of the San Juan Water Conservancy District. Everyone drove to Loyd's Lake and looked at the reservoir, which is down to the conservation pool. The group then stopped at Devil's Canyon while Mr. Johnson talked about the highway repair work that UDOT will be working on during the spring. He said the conservancy district signed an agreement with UDOT to use the extra fill dirt from the Devil's Canyon highway job on the stability berm at Recapture Dam that is required to comply with the dam safety requirements. When the group stopped at Recapture Dam, Mr. Johnson pointed out the area for the new spillway that will be constructed. He also talked about the slide and pointed out the area where the fill dirt would be placed. The group continued on to Blanding.

BOARD OF WATER RESOURCES
TOUR OF GREEN RIVER AND BLANDING AREA

September 19, 2002

Attendees

Warren Peterson
Paul and Dorothy Riley
Lucille and Richard Taylor
Brad Hancock
Ivan and Marlene Flint
Cleal Bradford

Dennis Strong
Lloyd Austin
Randy Staker
Nancy Fullmer
Steve Wilde
Todd Stonely
Sherm and Marsha Hoskins
Eric Klotz

Randy Nelson
Lee Thayn
John Chartier
Trent Schafer
Ferd Johnson

Unapproved
MINUTES

BOARD OF WATER RESOURCES
BRIEFING MEETING

September 20, 2002

Old Timers Restaurant

Blanding, Utah

BOARD OF WATER RESOURCES

Briefing Meeting
September 20, 2002

The Board of Water Resources held a briefing meeting and breakfast on September 20, 2002 at 7:00 a.m. at the Old Timer's Restaurant in Blanding, Utah.

The following people were in attendance:

BOARD MEMBERS

Warren Peterson
Paul Riley
Lucille Taylor
Cleal Bradford
Ivan Flint
Brad Hancock

STAFF MEMBERS

Dennis Strong
Lloyd Austin
Nancy Fullmer
Steve Wilde

VISITORS

Sherm Hoskins

Chair Warren Peterson called the meeting to order and welcomed everyone.

Discussion of Projects

Steve Wilde said the Gunnison Butte Mutual Irrigation Company feasibility report was the same report that was presented in June. He said the Board heard comments from Randy Nelson and saw the project area on its tour yesterday. The Board members expressed concern about the collateral for the loan.

There was considerable discussion about how the Board could help the Nelson's get their proposed project funded. Mr. Wilde said the irrigation company did not want its name on the contract if the project is authorized. The irrigation company was only formed to get the Flaming Gorge water right.

The project withdrawals listed under special items were discussed. Juab Lake Irrigation Company has not responded to staff's requests regarding withdrawal of the project. The Board discussed the request from Fremont Waterworks Company to accept a parity with the existing and proposed loans from the Board of Water Resources. Rural Development is scheduled to provide the major part of the funding for the proposed project, but its security requirements are basically the same as the Board's requirements.

Lucille Taylor expressed her concerns about the requests for grants for bond insurance. She said the Cities Water Loan Fund only receives money from loan repayments and will be depleted by giving grants that will not be returned. She felt the Board should reconsider how it handles requests for bond insurance. She plans to make a motion to table the three requests for bond insurance and suggests a subcommittee of the Board come up with some rationale of how to handle requests for bond insurance. Ivan Flint said by receiving grant funds for bond insurance, the three large water districts would not have to request large loans from the Board. The districts represent a large percentage of population throughout the state.

Dennis Strong said the funds would be coming out of the Conservation and Development Fund rather than the Cities Water Loan Fund. He said the Board has to use creative financing for ten percent of its funding. He felt it would be a good idea to create a subcommittee and establish rules for bond insurance requests. There was considerable discussion about the Board giving grants to buy bond insurance.

Cleal Bradford discussed the request from the San Juan Water Conservancy District that the interest portion of its March repayment be forgiven by the Board. He said the Board members heard the request last month, and he plans to make a motion to authorize the district to use the funds the same as the Board did four years ago during the drought. He said the funds could be used to help fund water projects in the rural portions of San Juan County. The Board members had considerable discussion about the request and similar requests that will be presented at the November Board meeting.

Mr. Strong said Lloyd Austin would present the request for committal of funds for the 2002-2003 Operational Cloud Seeding Program.

Other Items

Chair Peterson suggested several changes to the August 9, 2002 Board meeting minutes.

The briefing meeting ended about 8:20 a.m.

Unapproved
MINUTES
BOARD OF WATER RESOURCES MEETING
September 20, 2002

Nations of Four Corners Cultural Center
707 West 500 South
Blanding, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the August 8 and 9, 2002 meetings were approved with suggested changes. page 1
2. Chair Peterson was authorized to sign the letter to the Central Utah Water Conservancy District to support development of facilities to get water into the South Utah County communities page 1
3. The Gunnison Butte Mutual Irrigation Company project was tabled for six months. page 2
4. The Board withdrew the Juab Lake Irrigation Company, Silver Spurs Water Company, Draper Irrigation Company, Independence Mutual Water Company and Beaver City applications from further consideration by the Board. page 3
5. The Board approved parity for the Fremont Waterworks Company loan subject to approval by the Board's legal counsel. page 4
6. A committee was appointed to examine existing policies for responding to requests for assistance with bond insurance. page 4
7. A grant of \$75,000 was given to the Washington County Water Conservancy District to buy bond insurance. page 4
8. The Weber Basin Water Conservancy District received a grant in the amount of \$150,000 to purchase bond insurance. page 5
9. The Jordan Valley Water Conservancy District received a grant in the amount of \$150,000 for the purchase of bond insurance. page 5
10. The San Juan Water Conservancy District (Lloyd's Lake) contract was amended and three years were added to the agreement. page 5
11. The March 2003 interest payment for San Juan Water Conservancy District (Recapture Dam and Lloyd's Lake) was forgiven with the condition the funds would be utilized in the development of water projects outlined in letters received from the conservancy district, county commission and Curtis Yanito. page 6
12. The Board committed \$150,000 for the operational cloud seeding program to be cost shared at 50 percent or less.

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, September 20, 2002, at the Nations of Four Corners Cultural Center, 707 West 500 South, Blanding, Utah. Chair Warren Peterson presided over the 8:30 a.m. meeting.

BOARD MEMBERS PRESENT:

Warren Peterson
Paul Riley
Brad Hancock
Lucille Taylor
Cleal Bradford
Ivan Flint

STAFF MEMBERS PRESENT:

Dennis Strong, Deputy Director
Lloyd Austin, Asst. Director
Nancy Fullmer, Administrative Secretary
Randy Staker, Accountant
Steve Wilde, Chief, Investigations
Todd Stonely, Sr. Engineer
Eric Klotz, Chief, Resource Inventories and Special Studies

OTHERS PRESENT:

Sherm Hoskins, Deputy Director, Department of Natural Resources
Doug Nielsen, Sunrise Engineering

Randy Nelson, Board member, Gunnison Butte Mutual Irrigation Company

Ferd Johnson, Chairman, San Juan Water Conservancy District
Ty Lewis, County Commissioner, San Juan County
Curtis Yanito, Utah Navajo, Casa Del Echo

MINUTES
BOARD OF WATER RESOURCES MEETING
September 20, 2002

Chair Warren Peterson welcomed everyone and thanked Sherman Hoskins, Deputy Director of the Department of Natural Resources for being in attendance.

APPROVAL OF MINUTES

Paul Riley made the motion to approve the minutes of the August 8 and 9, 2002 Board meetings with suggested changes. Lucille Taylor seconded the motion and the Board agreed.

CHAIR'S REPORT

Chair Peterson thanked Randy Nelson and Cleal Bradford for their hospitality on Thursday, and also Curtis Yanito for sharing his music. Mr. Peterson reported on the gubernatorial task force meeting regarding water development funding. Governor Leavitt charged the task force to look at the way water funding is now done in Utah and look at alternatives. He made it very clear that he's interested in having the 1/16% sales tax come back into the general fund. Ivan Flint said the Governor asked the task force to have an open mind in considering alternatives.

Mr. Peterson said Paul Riley had been tracking efforts for funding to study the Logan First Dam that has now been funded.

Chair Peterson referred the Board to the letter addressed to the Central Utah Water Conservancy District (CUWCD) supporting development of facilities to get water into the South Utah County communities. Lucille Taylor made the motion to authorize Chair Peterson to sign the letter to the CUWCD and send it on. Cleal Bradford seconded the motion and it was agreed upon by the Board.

FEASIBILITY REPORT

#E004 Gunnison Butte Mutual Irrigation Co.

Chair Peterson introduced Randy Nelson. Steve Wilde reported the Gunnison Butte Mutual Irrigation Co. project was tabled in the June 14th Board meeting until the Board could tour the area. Mr. Nelson took the Board on a tour of the project area yesterday. Mr. Wilde reminded the Board the Gunnison Butte Mutual Irrigation Co. was organized for the express purpose of obtaining Flaming Gorge water rights from the Board. Some of the water users of the irrigation company are ready to use their Flaming Gorge water in existing systems; others are willing to install their own systems to use the water. Randy Nelson and his son Kent have 440

acres of private ground and 1100 acres of SITLA ground they'd like to use for a rotational grazing operation, raising calves October through July and building up to 3,700 animals per year; and also grow about 125 acres of lawn turf. Mr. Nelson is requesting financial assistance to install a pumped pressurized irrigation system. Water will be pumped from the Green River to a pond, then pressure boosted for use in 13 central pivot sprinklers. The system will serve Mr. Nelson's operation and be installed over five years or so as he has ability to cultivate additional acreage. No other shareholders appear to be interested in obtaining board funding at this time. The project is estimated to cost \$1.475 million.

Based on the estimates and income expenses of the operation a BC ratio of 2.3 is arrived at. Under the project, 1540 acres of rangeland will be converted to cultivated ground, utilizing approximately 9,240 acre-feet of Flaming Gorge water right.

Staff feels this is a very ambitious project even though it appears to be able to pay for itself over the long run, it will probably be operated "in the red" for the first several years. Projects with few or one stockholder pose additional risk to the Board. In many cases the value of the water rights provides security for the Board, in the case of Gunnison Butte the security is questionable as the water rights were granted by the Board. If the Board authorizes the project it may want to consider requiring the Nelsons to become personally responsible by mortgaging their personal assets or bringing SITLA into the mix.

Mr. Nelson reiterated the proposed project and expressed hope the Board would be able to fund it. He thanked the Board for touring his proposed project area, and said the project would develop water for future generations; his son Kent will be there to carry on the operation after he's gone. He said the project would provide an opportunity for the state to hang onto its Colorado River water. Mr. Peterson asked if they had contacted the Farm Service Agency as a possibility for a federal loan. Mr. Nelson said they had. Cleal Bradford said the Board is concerned because all the Board would have as security would be the piping system and the value of the land. The Board would be more comfortable if SITLA would become involved.

After considerable discussion Cleal Bradford said the Board does everything it can to assist with projects, but the consensus pretty much is they would like to see the Nelson's explore other options that would increase security. He made the motion to table the Gunnison Butte Mutual Irrigation Company project for six months. Paul Riley seconded the motion and the Board agreed.

Mr. Peterson introduced Doug Nielsen of Fillmore, Utah. Mr. Nielsen said he had come to the meeting as they were interested in doing the same kind of thing as the Nelson's in Spanish Valley. They are working with Dale Pierson of the Grand County Water Conservancy District.

SPECIAL ITEMS

#D901 Juab Lake Irrigation Co.

The company requested assistance to improve its irrigation system. Changes in leadership have altered the company's focus on how it wants to address problems and operations. Because there doesn't appear to be a clear direction shareholders want to follow, staff recommends the application be withdrawn.

#D990 Silver Spurs Water Co.

The company requested assistance to make improvements to the system once it was owned by the company. Since the application is to just purchase the system, staff recommends it be withdrawn.

#E023 Draper Irrigation Co.

The company requested financial assistance to enlarge and upgrade its 3.3 MGD culinary water treatment plant. The project is being funded by the Drinking Water Board, so staff recommends it be withdrawn from further consideration.

#E078 Independence Mutual Water Co.

The company requested financial assistance to drill and equip a well and install a pressurized irrigation system. It desired to provide an alternate source of water for outdoor use since it felt the price of culinary water provided by the town was too high and burdensome to many. The company and the town have since worked together and culinary water rates have been adjusted to more accurately reflect the water's cost. The company therefore requests its application be withdrawn.

#L543 Beaver City

The city requested assistance to replace 1,150 old water meters in its culinary water system and install an automated meter reading system. Because the city feels it can obtain better loan repayment terms on the private market than those staff would recommend it requests its application to the Board be withdrawn.

Lucille Taylor recommended the Board withdraw the Juab Lake Irrigation Co., Silver Spurs Water Co., Draper Irrigation Co., Independence Mutual Water Co. and Beaver City applications from further consideration by the Board. Brad Hancock seconded the motion and it was agreed upon by the Board.

#E057 Fremont Waterworks Company

Steve Wilde reported the Board authorized funding in the amount of \$150,000 (19%) to improve the company's culinary water system. The Board has assisted the company with two other projects in the past and holds title to the water system and water rights. Rural Development is scheduled to provide the major part of the funding for the proposed project, however its security requirements are basically the same as the Board's. The Board holds the company's security and the Fremont Irrigation Company is requesting the Rural Development loan be on a parity with the existing and proposed Board loans.

Paul Riley made the motion to approve parity for the Fremont Waterworks Company loan subject to approval by the division's legal counsel. Cleal Bradford seconded the motion and the Board agreed.

Bond Insurance

The Board discussed the Washington County Water Conservancy District, Weber Basin Water Conservancy District and Jordan Valley Water Conservancy District's requests for a grant for bond insurance. In the Briefing meeting the Board considered establishing a committee to review the policy of giving grants for bond insurance.

Ivan Flint said he felt since grants had been given in the past, the three water conservancy districts requesting grants at this time should be approved instead of tabling their requests until a later date. Mr. Flint made a motion approving the three requests as well as establishing a committee to consider future grant requests. Paul Riley seconded the motion. Chair Peterson said the three conservancy district's requests needed to be presented individually rather than all together. Mr. Flint withdrew his motion. Lucille Taylor said the recommendation for a committee needed to be a separate motion. Ms. Taylor made a motion to appoint a committee to examine existing policies and come back with recommendations for responding to requests for assistance with bond insurance. Paul Riley seconded the motion and the Board agreed. Chair Peterson asked Paul Riley to chair the committee and Brad Hancock, Ivan Flint and Lucille Taylor to be on the committee. The committee is to meet and make recommendations to the Board.

#E092 Washington County Water Conservancy District (WCWCD)

Dennis Strong reported the WCWCD is requesting the Board provide a grant of \$75,000 to buy bond insurance. The bonds are to be used over the next 3-5 years in Washington County for the extension of pipelines. The insurance will reduce the interest rate by about .5% and represents \$500,000 in savings over a 30 year period of the bond. Ivan Flint made the motion to grant the Washington County Water Conservancy District \$75,000 to buy bond insurance. Brad Hancock seconded the motion. Lucille Taylor asked the Board to postpone consideration of the request until after the committee had met and made recommendations. After discussion, Chair Peterson called for a vote and the Board agreed with the exception of Lucille Taylor who voted no.

#E093 Weber Basin Water Conservancy District

Mr. Strong said the Weber Basin Water Conservancy District is requesting a grant for bond insurance in the amount of \$150,000. The bonds will be used for numerous water projects within the district's service area. The insurance will reduce the interest rate by approximately .6% and save the district \$2 million in interest over a 25-year repayment period. Brad Hancock made the motion to grant the Weber Basin Water Conservancy District \$150,000 for bond insurance. Cleal Bradford seconded the motion and the Board agreed. Lucille Taylor opposed the motion.

#E094 Jordan Valley Water Conservancy District (JVWCD)

Dennis Strong reported the Jordan Valley Water Conservancy District is requesting the Board grant \$150,000 to buy bond insurance. This will reduce the interest rate by .75% and save the district \$2 million over a 25-year purchase period. The bonds will be used to fund ongoing capital improvements for the next two years. Cleal Bradford made the motion to grant the JVWCD district \$150,000 for the purchase of bond insurance. Ivan Flint seconded the motion and it was agreed upon by the Board with the exception of Lucille Taylor who voted no.

SAN JUAN WATER CONSERVANCY DISTRICT REQUEST

Chair Peterson introduced Ferd Johnson with the district, Ty Lewis with the County Commission and Curtis Yanito. Dennis Strong said over the years several improvements, repairs, and modifications have had to be made to Monticello Dam (Lloyd's Lake). The cost of these repairs, and cost of engineering associated with preparing plans and specifications and managing construction have been added to the final balloon payment. These increases have become substantial. The water referendum for Monticello Dam approved a 40-year repayment period, however the payment schedule was set over the same time period as the Recapture Dam which was completed three years before the Monticello Dam. Therefore, staff is recommending the Monticello Dam contract be amended and three years be added to the agreement.

Cleal Bradford made the motion to amend the San Juan Water Conservancy District (Lloyd's Lake) contract and add three years to the agreement. Ivan Flint seconded the motion and it was unanimously agreed upon by the Board.

Mr. Strong said the San Juan Water Conservancy District has requested the interest portion of its March, 2003, payment for Recapture Dam and Lloyd's Lake be forgiven. The district wishes to use the money to assist water users in San Juan County in mitigating the impacts of this year's drought and making improvements to community water systems. Commissioner Lewis and Ferd Johnson explained the water problems throughout the county as well as on Navajo Mountain. Mr. Yanito further expressed the severe water problems on the Navajo Indian reservation.

Cleal Bradford explained there are matching funds available from other sources if the Board forgives the interest payment and the amount is made available to the district. He said the Utah Navajo Trust Fund Board chair has indicated they will match any monies dollar for dollar on the reservation, also there is the possibility of the Indian Health Service matching funds, and San Juan County providing matching funds. Mr. Bradford made the motion to forgive the San Juan Water Conservancy District its March 2003 interest payment for Recapture Dam and Loyd's Lake with the condition the funds would be utilized in the development of water projects outlined in letters received from the conservancy district, county commission and Curtis Yanito. A report is to be made back to the Board by February 1, 2003 stating how the money has been spent. Paul Riley seconded the motion and it was agreed upon by the Board.

APPROVAL OF CLOUD SEEDING FUNDS

Lloyd Austin said the division is requesting the Board commit funds for the 2002-2003 operational cloud seeding program up to a maximum of \$150,000. It will be cost shared 50/50 or less with the sponsors. The following projects have expressed interest in this year's operational program: Central and Southern Utah Project including Tooele County, Northern Project, West Uintas Project and a potential new project for this year in the Uinta Basin with a joint sponsor of both Duchesne County and the Uintah Water Conservancy District.

Brad Hancock made the motion the Board commit \$150,000 for the operational cloud seeding program to be cost shared 50 percent or less. Ivan Flint seconded the motion. The Board agreed unanimously.

DIRECTOR'S REPORT

Dennis Strong said Lloyd Austin is retiring at the end of September and will be missed. He said Mr. Austin should be given credit for his great effort and contribution to water development. Mr. Strong said there were four excellent candidates that applied for his position. It was a difficult decision, however Eric Millis was selected as the new Assistant Director of Planning. Lloyd Austin expressed appreciation to the Board for the association he's had with them and also all the opportunities he's received while working with the Division of Water Resources. The Board members expressed appreciation to Lloyd for his time spent with the division.

NEXT MEETING

The next meetings of the Board of Water Resources will be held November 8, 2002 in Salt Lake City. The Briefing meeting will be held in the morning and the Board meeting in the afternoon.

Meeting adjourned at 11:05 a.m.

UTAH BOARD OF WATER RESOURCES
JOINT TOUR WITH IDAHO WATER RESOURCES BOARD

August 8, 2002

Utah Board members and selected staff met at the Bear Lake Marina about 9:00 a.m. for a boat tour of Bear Lake. Sherm Hoskins introduced Larry Gray, the new Park Manager at Bear Lake State Park, and Bryce Nielsen who works for the Division of Wildlife Resources at Bear Lake and is also a county commissioner and former mayor of Garden City. Mr. Hoskins thanked them for lining up the boats. Director Anderson asked them to talk about Bear Lake issues and indicate what the group would be seeing during the tour.

Mr. Gray said the group would look at Ideal and Rendevous Beaches and then go to the east side of the lake to see the more primitive camping sites and undeveloped areas. Bryce Nielsen, who has worked at Bear Lake since 1974 as a fisheries biologist, gave a brief history of Bear Lake, talked about some of the fish species found in the lake, and explained some of the issues caused by the low water level in the lake. He also talked about a major water concern involving the residents in Garden City. Ted Woolley and Wayne Early from the Division of Parks and Recreation talked about boating highlights and regulations. They thanked Representative Pace for working on legislation regarding boating issues. After everyone got on the boats, they stopped at different locations on the lake to view the sites while the leaders of the tour explained their concerns.

The boats returned to the marina and everyone left to get lunch before they boarded a bus at 1:00 p.m. at Harbor Village. Chairman Warren Peterson welcomed the Idaho Water Resources Board members and staff and other visitors.

As the bus traveled to the Rocky Point Dam site, Jack Barnett handed out copies of the Bear River Compact and a history that was prepared by Wally Jibson. He mentioned three members of the Bear River Commission from Utah and Idaho were on the tour and informed everyone that President Bush had just appointed Dee Hansen (former executive director of the Utah Department of Natural Resources) to be the new federal chair of the Bear River Commission. Mr. Barnett talked about the Bear River Commission and its role in distributing the water from the Bear River and storage in Bear Lake.

Everyone got off the bus at Rocky Point Dam site, and Hal Anderson talked about the proposed project. Some county commissioners from Idaho met the group and explained the project and showed a map of the project area. After the bus left that area, Mr. Barnett continued to explain the water distribution issues and pointed out the geology and canals.

While the bus stopped on the bridge at Stewart Dam, Carly Burton handed out information prepared by PacifiCorp. Jody Williams pointed out the Bear River and diversion structure and said Stewart Dam divides the river into the Central and Lower Divisions. She reviewed some of the information in the handouts. As the bus traveled to the Lifton Pump Plant, Ms. Williams pointed out Mud Lake and the wildlife refuge, the causeway, and the sandbar that has formed in Bear Lake.

The bus stopped at the Lifton Pump Plant and Carly Burton talked about PacifiCorp's operation of the pump plant dredging permit they have recently received as well as other information.

The group got back to Harbor Village about 4:15 p.m. and held a public meeting to discuss joint water issues in Utah and Idaho.

Attendees
Utah Board of Water Resources and Idaho Water Resources Board
Joint Tour
August 8, 2002

Utah Board of Water Resources Members

Warren Peterson
Paul Riley
Lucille Taylor
Ivan and Marlene Flint
Harold and Diane Shirley
Brad Hancock
Cleal Bradford
Bill Marcovecchio

Utah Staff Members

Larry Anderson
Dennis Strong
Lloyd Austin
Eric Millis
Nancy Fullmer
Randy Staker
Geralee Murdock
Ken Short
Milo Barney

Idaho Water Resources Board

Joe Jordan
Dick Wyatt
Bob Graham
Jerry Rigby
Claude Storer
Terry Uhling
Leonard Beck
Gary Chamberlain

Idaho Staff Members

Karl Dreher
Hal Anderson
Bill Graham
Rita Fleck
Helen Harrington

Visitors

Sherm and Marsha Hoskins
Anna Atwater
Jack Barnett
Jody Williams
Carly Burton
Allen Harrison

Craig Thomas
Representative Loraine Pace
Representative Eulalee Langford (Idaho)
Joe Hill
Boyd Critchfield
Charles Holmgren
Dave Styer

Approved
MINUTES

BOARD OF WATER RESOURCES
BRIEFING MEETING

August 9, 2002

Canyon Cove Motel
315 West Highway 89
Garden City, Utah

BOARD OF WATER RESOURCES

Briefing Meeting
August 9, 2002

The Board of Water Resources held a briefing meeting and breakfast on August 9, 2002 at 7:15 a.m. in the restaurant at Harbor Village in Garden City, Utah.

The following people were in attendance:

BOARD MEMBERS

Warren Peterson
Paul Riley
Ivan Flint
Brad Hancock
Lucille Taylor
Cleal Bradford
Harold Shirley
Bill Marcovecchio

STAFF MEMBERS

Larry Anderson
Dennis Strong
Lloyd Austin
Nancy Fullmer

VISITORS

Sherm Hoskins

Chair Warren Peterson called the meeting to order and welcomed everyone.

Discussion of Projects

The Board members discussed the feasibility report for Elsinore Town. They expressed concerns about the low water rates. Staff said the town would be required to do a water conservation and management plan and adopt a more aggressive water rate structure. Chair Peterson questioned the large amount for the purchase of water rights. Mr. Strong said the funds from the Community Impact Board would be used for that portion of the project. Mr. Peterson reminded the Board that during the tour in June they drove through Elsinore; which is a bedroom community for Richfield.

Chair Peterson said the Deseret Irrigation Company was requesting committal of funds for Phase II.

Harold Shirley said the East Bench Irrigation Company will receive most of its funding from the Central Utah Water Conservancy District, but it will take about a year to receive the funds. Mr. Strong said Lee Wimmer would be at the Board meeting to answer questions about the CUP funds for the project. Mr. Strong also said the price increased so staff recommended the Board give the sponsor an extra year for repayment. Chair Peterson said the company decided to use a contractor rather than installing the project with its own forces.

Cleal Bradford said the Price City project was a large project but they have worked on it for years to decrease the total price. Mr. Strong said staff recommended the repayment period stay the same even though the amount requested from the Board was less than authorized.

Warren Peterson said he would declare a conflict of interest on the Deseret Irrigation Company and Brady Ditch Irrigation Company projects. Mr. Strong said the Brady Ditch project is the same as authorized.

Lucille Taylor said the request from the Metropolitan Water District of Pleasant Grove City was for bond insurance, which the Board has done for other communities. Mr. Strong said the Board received four requests for bond insurance.

Ivan Flint said the request from Roy Water Conservancy Subdistrict is about the same as Centerville City's request for bond insurance.

Harold Shirley said the Kent's Lake Reservoir Company was requesting an amendment of its contract. Mr. Strong explained staff did piezometer work at the dam during the dam safety study and the expenses were added to the end of the loan. The company stated the required assessment amount exceeded its bylaws limit.

Flaming Gorge Water Right

Dennis Strong said the issue with the Flaming Gorge water right is the Board had two requirements that had to be met by July - a water management and conservation plan needed to be submitted and proof of use of the water filed; the political subdivisions have until 2004 to provide proof. Some of the recipients asked for an extension. Staff recommended the Board give everyone who responded a two year extension. Pine Creek Irrigation Company did not send a letter, but the company's change application was protested and rejected by the State Engineer. Staff recommended their allocation be lapsed and returned to the Board. Warren Peterson asked about the project that was completed and certificated for Brent Sheffer but staff did not know the details of the project.

San Juan Water Conservancy District Request

Cleal Bradford expressed his feelings about the request from the San Juan Water Conservancy District as he explained at the June Board meeting. He suggested an alternative proposal since the district did not comply with staff's request to submit a list of projects it anticipates funding. Warren Peterson asked if the Board had statutory authorization to give grants; staff said only for dam safety or creative financing. Staff said the district could make an application to the Board on behalf of the communities of Navajo Mountain, Mountain Valley and Eastland. Director Anderson said the Division of Comprehensive Emergency Management is working with Navajo Mountain trying to get them some drinking water.

Chair Peterson said it seems the appropriate action would be to deny the request because the district has collected the money and did not give the Board a list of projects it anticipates funding. Mr. Bradford said since the next meeting will be in San Juan County he would like to defer action until then. Paul Riley asked about the Gunnison Butte project that was deferred until the Board could look at it during the tour to San Juan County. Mr. Bradford said the project was in Green River. Some of the Board members expressed concerns about deferring action on the request from the San Juan Water Conservancy District; they felt the district should submit an application on behalf of the three communities. Mr. Bradford again encouraged the Board to defer action.

New Applications

Bill Marcovecchio talked about the New Application from Tooele County to drill and equip a well. He said he has looked at the project twice and met in a third meeting with them at the Division of Water Resources office. He recommends the Board support the project. Dennis Strong said staff is in the investigation process of the project and thinks it fits within the Board's guidelines.

Other Items

Warren Peterson suggested changes to the minutes. He said the briefing meeting and regular board meeting minutes were excellent, but he had corrections on the minutes for the tour. The Board members agreed with his changes.

Chair Peterson asked Paul Riley to report on a meeting he attended with Garden City officials the previous day. Mr. Riley said the Division of Drinking Water determined the town's water system was subject to surface contamination. The division is proposing a filtration system that will cost about \$2.7 million, which will be a significant burden on the community. Mr. Bradford said he also attended the meeting and the town requested the Division of Drinking Water to do additional testing.

The Board members talked during breakfast about the Logan First Dam project and also about the Governor's proposal to take the 1/16% sales tax monies from the board.

The briefing meeting adjourned about 8:30 a.m.

Approved
MINUTES
BOARD OF WATER RESOURCES MEETING
August 9, 2002

Canyon Cove Motel
315 West Highway 89
Garden City, Utah

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SUMMARY OF BOARD ACTIONS

1. The Minutes of the June 13 and 14, 2002 meetings were approved with suggested changes to the Tour Minutes page 1
2. The Elsinore Town project was authorized in the amount of \$514,000 to be repaid in 25 years with the interest rate to be worked out. page 2
3. Funds were committed to the Deseret Irrigation Company in the amount of \$88,000 (80%) to be repaid in two years at 0% interest with annual payments of \$81,000 in 2008 and approximately \$7,000 in 2009. page 3
4. The Board committed funds to the East Bench Irrigation Company in the amount of \$445,000 (96%) to be repaid at 0% interest with annual payments of \$9,000. Funds will not be released until approval is received from the CUWCD for the Section 206 funds. page 3
5. Funds were committed to Price City in the amount of \$2.885 million (35%) to be repaid in 25 years at 1.5% interest with annual payments of approximately \$140,000 not including reserves. Reserves will be accumulated in the amount of \$140,000 when the first payment to the Board is due. page 4
6. The Board committed funds to the Brady Ditch Irrigation Company in the amount of \$60,000 (75%) to be repaid at 0% interest with annual payments of \$4,000 over 15 years. page 4
7. A grant of \$19,000 was approved to buy bond insurance for the Roy Water Conservancy Subdistrict. page 4
9. The Kent's Lake Reservoir Company contract was amended to adjust the total amount paid by the company for the last three years of the contract to be \$20,000. This will extend the repayment period to 2008. page 5
10. The Board will write a letter stating they support the concept of CUP water being delivered to south Utah County. The letter is to be presented at the September Board meeting for approval before being sent. page 6
11. The Flaming Gorge Water Right was extended two years for the Eastside High Ditch Co., Boulder Farmstead Water Co., Garfield County School District, W.W. Water Co., Gunnison Butte Mutual Irrigation Company and Daggett County. The Board also withdrew the Pine Creek Irrigation Company's application. page 7
12. The Board granted \$12,000 to the Metropolitan Water District of Pleasant Grove City to buy bond insurance. page 7
13. Centerville City received a grant of \$16,000 to buy bond insurance. page 7

SUMMARY OF BOARD ACTIONS CONT'D.

14. The San Juan Water Conservancy District project was tabled until the September 20,2002 Board meeting in Blanding. page 7

THOSE PRESENT

The Utah BOARD OF WATER RESOURCES met in regular session on Friday, August 9, 2002 at 8:30 a.m. at the Canyon Cove Motel, 315 West Highway 89, Garden City, Utah.

BOARD MEMBERS PRESENT:

Warren Peterson
Paul Riley
Harold Shirley
Paul Riley
Bill Marcovecchio
Brad Hancock
Ivan Flint
Cleal Bradford

STAFF MEMBERS PRESENT:

D. Larry Anderson, Director
Dennis Strong, Deputy Director
Lloyd Austin, Asst. Director
Nancy Fullmer, Administrative Secretary
Randy Staker, Accountant
Eric Millis, Chief, River Basin Planning
Ken Short, Sr. Engineer
Milo Barney, CUP Liaison
Geralee Murdock, Executive Secretary

OTHERS PRESENT:

Sherm Hoskins, Deputy Director, Department of Natural Resources
David Styer, Manager, Bear River Canal Company
Eric Franson, EIT, Franson Noble Engineering
Gordon Younker, EVP, Utah Association of Conservation Districts
Alex Buxton, Asst. Vice President, Zions Bank Public Finance

Eldred Jensen, Councilman, Elsinore Town
Darin Robinson, Engineer, Jones & DeMille Engineering

Roy Watts, Manager, Roy Water Conservancy Subdistrict
Carlos J. Larsen, Chairman, Roy Water Conservancy Subdistrict

OTHERS PRESENT CONT'D.

Brian Wood, Project Manager, Richland Non-Profit Water Company

Bob Wood, President, Richland Non-Profit Water Company

Lee Wimmer, Asst. General Manager, Central Utah Water Conservancy District

Randy Brailsford, Mayor of Salem City

Dale R. Barney, Mayor, Spanish Fork City

MINUTES
BOARD OF WATER RESOURCES MEETING
August 9, 2002

Chair Peterson apologized for the delay of the meeting and thanked everyone for coming.

APPROVAL OF MINUTES

Cleal Bradford made the motion to approve the minutes of the June 13 and 14, 2002 meetings with suggested changes to the Tour Minutes. Bill Marcovecchio seconded the motion and it was agreed upon by the Board.

INTRODUCTIONS

Chair Peterson introduced Dave Styer, manager of Bear River Canal Co., Eric Franson of Franson and Noble, and Gordon Younker, executive secretary of the Utah Association of Conservation Districts (UACD). Mr. Younker expressed appreciation to Chair Peterson and Director Anderson for their participation in defending the 1/16% sales tax for water resource loans at the last Natural Resources Appropriations Subcommittee. He also requested direction regarding what the UACD could do to best provide input to the interim study committee regarding loans for farmers and ranchers throughout the state. Mr. Younkers said the UACD receives \$500,000 a year from the 1/16% sales tax for new programs. Mr. Peterson said Mr. Younkers was also at the meeting to lend support to the cause.

CHAIR'S REPORT

Chair Peterson reported on the Natural Resources Appropriation Subcommittee hearing regarding the budget shortfall and the Governor's suggestion to pull \$12 million from water resources budgets. Director Anderson spoke to the budget cuts and responded to questions from the legislators. Chair Peterson also responded to several questions from the subcommittee. The caucus voted unanimously to stand by the budget which amounted to a \$2.1 million cut adopted earlier by the legislature.

The Governor and legislators did agree on adoption of Senate Bill 5012 which established a task force on alternative revenue sources for water funding. The task force is composed of eleven members consisting of legislators (Senators Blackham and Dmitrich and Representatives Ure and Gowans), executive office holders (Bob Morgan, Dianne Nielsen and Natalie Gochmour) and five at large people familiar with experience in water policy (Dave Ovard, Ron Thompson, Tage Flint, Joe Mehling and Chair Peterson). The first meeting will be August 12. The task force is charged to meet not more than six times and then report back to the Water Development Commission by November 30.

FEASIBILITY REPORT

#L545 Elsinore Town

Chair Peterson introduced Eldred Jensen from Elsinore, and Darin Robinson with Jones & DeMille Engineering. Dennis Strong reported Elsinore supplies culinary water to 425 connections, 276 are inside the town limits and 149 outside. Continuing growth has exhausted the culinary water supply, much of the pipeline distribution system is old and too small to provide flows required by current fire codes. Elsinore is requesting financial assistance from the Board to improve its culinary water system by purchasing water rights, drilling and equipping a new well, redeveloping one of its springs, installing about 4 ½ miles of 812 inch distribution pipeline and adding six fire hydrants.

The project is estimated to cost \$1.44 million, with the Board providing 33% or \$472,000. The CIB is providing a \$450,000 grant and a \$450,000 loan. Staff is recommending the town provide \$72,000. Based on the Board's current water service affordability guideline Elsinore residents could pay up to \$23.50 monthly for the proposed project. With the project in place the cost will be \$30.22 per connection per month.

Mr. Strong said staff is suggesting a 25 year repayment period and a 2% interest rate. The city wants to speak to the cost sharing amount and has a question about the interest rate. They understood it would be 1% instead of 2%.

Staff has informed the city they must adopt a time-of-day watering ordinance, a more progressive water rate schedule and they also need to complete a water conservation and management plan.

Darin Robinson said Elsinore Town cannot afford to come up with \$72,000. The town was expecting it to be around \$14,000 but could come up with \$30,000. He also said Elsinore Town is requesting the Board consider a 1% interest rate on the repayment. Mr. Jensen said they received assistance from the Board in the late 70's, and have paid the loan off. He said they would appreciate all the help the Board can give.

Director Anderson said staff would look into the interest rate, however if the town can come only come up with \$30,000 they are therefore requesting the Board provide \$514,000. He said this would make the repayments slightly higher, however the repayment period would still be 25 years.

Harold Shirley made the motion to authorize the Elsinore Town project in the amount of \$514,000 to be repaid in 25 years with the interest rate to be worked out. The town must provide an acceptable water conservation and management plan, including a capital replacement plan, and adopt a more progressive rate schedule. Lucille Taylor seconded the motion and the Board agreed.

COMMITTAL OF FUNDS

#E056 Deseret Irrigation Company

Dennis Strong said the proposed project is located south of the communities of Hinckley and Deseret in Millard County. He said the company concrete-lined about 9,500 feet of the Old Deseret Canal and installed about a mile of pipeline. They are requesting assistance to begin Phase II, lining of about 3,200 feet of canal. The Phase II project is estimated to cost \$110,000.

Paul Riley made the motion to commit funds to the Deseret Irrigation Company's Phase II project in the amount of \$88,000 (80%) to be repaid in two years at 0% interest with annual payments of \$81,000 in 2008 and approximately \$7,000 in 2009. Bill Marcovecchio seconded the project and it was approved by the Board. Chair Peterson declared a conflict of interest.

#E079 East Bench Irrigation Co.

Mr. Strong reported the proposed project is located about 1 ½ miles northeast of Panguitch in Garfield County. The company is requesting assistance to install about 16,000 feet of 24-inch PVC pipeline adjacent to the existing East Bench Ditch, to carry the sponsor's primary water right of 8.65 cfs. The project will also include an intake structure and ten turnouts. The authorized cost estimate assumed the company would install the pipeline with its own forces, however the company has decided to use a contractor to furnish the equipment and manpower; this increases the Board's cost share by \$40,000. The Board's cost share equals funds from the Upper Sevier River Water Conservancy District (USRWCD) plus 85% of the remaining costs. The USRWCD amount will be returned to the Board once a contract has been signed between the USRWCD and the Department of Interior (via the Central Utah Water Conservancy District (CUWCD), which will allocate the money through Section 206.)

Chair Peterson introduced Lee Wimmer, Asst. General Manager for the CUWCD to explain the possibility of the East Bench Irrigation Co. receiving Section 206 monies. Mr. Wimmer said an application has been received and this is the kind of project that funds have been set aside for under Section 206 for Piute-Garfield County. He said he felt the CUWCD Board would support it. A cultural resource survey and an Environmental Impact Statement need to take place along with a public hearing being held the 19th of September. The commitment of funds will not occur until after these three things take place. Mr. Wimmer said it is a favorable looking project and the money is available. He felt funds could be committed in October.

Harold Shirley made the motion funds be committed to the East Bench Irrigation Company in the amount of \$445,000 (96%) to be repaid at 0% interest with annual payments of \$9,000. Funds will not be released until approval is received from the CUWCD for the Section 206 funds. Paul Riley seconded the motion and it was agreed upon by the Board.

#L540 Price City

Dennis Strong said Price City is requesting financial assistance to replace 12 miles of old 12 and 16-inch diameter culinary water transmission pipe which will run from a treatment plant in Price Canyon to the distribution network in town. The authorized cost of the project was \$10 million, however the low bid received was about \$8.3 million, therefore the city is requesting less than authorized from the Board.

Cleal Bradford made the motion to commit funds to Price City in the amount of \$2.885 million (35%) to be repaid in 25 years at 1.5% interest with annual payments of approximately \$140,000, not including reserves. Reserves will be accumulated in the amount of \$140,000 when the first payment to the Board is due. Brad Hancock seconded the motion, and the Board agreed unanimously.

#E073 Brady Ditch Irrigation Company

Dennis Strong said the company is requesting financial assistance to replace a 35 year-old, 3,200 foot-long concrete-lined irrigation ditch with 18-inch PVC pipe, construct an inlet structure, install a measuring flume and four turnouts, and remove two old regulation ponds. The project is estimated to cost \$80,000. Warren Peterson declared a conflict of interest.

Bill Marcovecchio made the motion to commit funds to the Brady Ditch Irrigation Company in the amount of \$60,000 (75%) to be repaid at 0% interest with annual payments of \$4,000 over 15 years. Ivan Flint seconded the motion and it was agreed upon by the Board.

SPECIAL ITEMS

#E085 Roy Water Conservancy Subdistrict

Chair Peterson introduced Carlos Larsen and Roy Watts. Mr. Strong said the subdistrict supplies secondary lawn and garden irrigation water to 8,700 connections within and adjacent to Roy. To meet increasing demands, the subdistrict is planning a three-phase multi-year expansion and development project. The subdistrict's cost for the system will be paid from the proceeds of the sale of bonds and is requesting the Board pay costs associated with bond insurance.

Mr. Watts commented the \$1.6 million project to expand the pressure reservoir is a very positive thing. The reservoir will allow them to have enough capacity to take care of the bulk of their growth as well as additional facilities for growth in the west part of town.

Ivan Flint commented this is one of the best secondary systems in the state. He made the motion to provide the grant of \$19,000 to buy bond insurance for the project. Cleal Bradford seconded the motion and the Board agreed.

#F353 Kent's Lake Reservoir Company

The company has received funds from the Board on several occasions to make repairs to three dams. An increase in annual payment to the Board for the early 1990's Upper Kents dam repair and enlargement project was based on the Middle Kents and Three Creeks projects being paid off. Dam safety study expenses were added to the Middle Kents project balance, however, extending its repayment period a number of years. The result of this is an increase in the company's total annual payment to the Board of \$5,000 for the next two years.

The company states its bylaws limit the amount that can be assessed and the 2002 payments as they now stand, plus annual operation and maintenance expenses, will exceed its revenue. It therefore requests the Board adjust its annual payments.

Harold Shirley made the motion to amend the Kent's Lake Reservoir Company contract to adjust the total amount paid by the company for the last three years of the contract to be \$20,000. This will extend the repayment period to 2008. Bill Marcovecchio seconded the motion and it was agreed upon by the Board.

UTAH LAKE SYSTEM (ULS) DISCUSSION

Director Anderson said staff felt it important the Board get an update from the Central Utah Water Conservancy District on the progress of the Central Utah Project. This project has had several names, and is currently called the Utah Lake System. He asked Milo Barney to introduce the people who were there to talk to the Board about the project.

Milo gave the history of the Central Utah Project and introduced Mayor Randy Brailsford of Salem and Mayor Dale Barney of Spanish Fork City. Mayor Brailsford said he is the chairman of the South Utah County Mayors Group which includes ten cities. He said they formed the group when the Department of Interior dropped the SFN (Spanish Fork-Nephi) project which included eliminating delivery of water to south Utah County and Juab County. Delivery of water to these areas had been promised and paid for for nearly 50 years. The group is only asking that the promise be kept. They have planned for many many years for infrastructure of secondary pipelines and for the water needed for projected growth.

Mayor Brailsford asked the Board to realize the needs of the area and what has been promised them. Mayor Barney agreed with Mayor Brailsford's statement. He said he felt the water was promised and water should go to the south Utah County area. Mayor Brailsford asked the Board to prepare a letter stating its support of the group's initiative to keep the water in south Utah County.

Lee Wimmer of the CUWCD explained the district's future and present projects. He also explained what happened with the Upper Diamond Fork tunnel. They were part of the four proposed alternatives. He said it took them a couple of years to start planning again. When they did, they determined what was basically an irrigation program would need to be an M&I project if they were to plan for the next 50 years. The district consulted with south Utah County to see if

their plans for the water considered changing from irrigation to M&I. The South Utah County Mayors Group said it could do it and the Department of Interior said it probably could do it but they needed approval. He said when Strawberry Water Users Association decided they were no longer willing to participate the CUWCD felt there was no place to go. Mr. Wimmer also explained that Strawberry has filed a lawsuit and it complicates the district's planning.

He said the district is looking at different alternatives, some of which he explained, and they hope to have them developed sometime in October; it will take a year or year and a half to do all the details and then another year after that before a decision can be reached and construction started. He said the district board approves the alternatives; they will go to the EIS with the alternatives, and the decision as to which alternative will be accepted will be based on what comes out of the water hearings on the environmental impact statement.

Mr. Wimmer said after the 2000 census, the district found the cities in south Utah County have been growing considerably faster than the Governor's Office of Planning and Budget had projected. The Office of Planning and Budget is consulting with the Mountainland Association of Government to get a current update which hopefully gets it to 30,000.

Lucille Taylor said there is a problem as the cities are growing and there are people who have paid for water all these years and have been building and expecting water to be delivered. The CUWCD is constrained by federal processes and has to obtain approvals from a lot of different sources and can only deliver water where there is a demonstrated need. The Strawberry issue creates a conflict between M&I and ag water and out of all this comes the need to deliver water to south Utah county.

Mrs. Taylor made the motion the Board write a letter stating they support the concept of CUP water being delivered to south Utah County. The letter is to be presented at the September Board meeting for approval before being sent. Cleal Bradford seconded the motion and it was agreed upon by the Board.

Mrs. Taylor thanked Milo Barney, Lee Wimmer, Mayor Brailsford and Mayor Barney for making the long trip to the meeting, and appreciated their presentations.

Richland Non-Profit Water Company

Chair Peterson introduced Brian Wood and Bob Wood. Mr. Wood said it was appropriate that while the Board was in Bear Lake they introduce their project for the area. He explained the project and said they would be approaching the Board in the future for financial assistance.

FLAMING GORGE WATER RIGHT

Dennis Strong reminded the Board that when the Flaming Gorge Water Right was granted there were two requirements – water management and conservation plans needed to be

submitted by July 2002 and private water companies had to file proof of use of the water by July 2002 (proof). Political subdivisions have until July 2004 to provide proof. Letters were sent to the ones that had not complied and responses were received from all but Pine Creek Irrigation Co.

Cleal Bradford made the motion to extend the Flaming Gorge Water Right two years (2004) for the Eastside High Ditch Co., Boulder Farmstead Water Co., Garfield County School District, W.W. Water Co., Gunnison Butte Mutual Irrigation Company, and Daggett County; and to withdraw the Pine Creek Irrigation Company's application. Brad Hancock seconded the motion and the Board agreed unanimously.

SPECIAL ITEMS

#E081 Metropolitan Water District of Pleasant Grove City

The district has sold bonds in the amount of \$2.3 million to upgrade its culinary and secondary water systems and is requesting the Board grant \$12,000 to buy bond insurance. Lucille Taylor made the motion the Board grant \$12,000 to buy bond insurance to the Metropolitan Water District of Pleasant Grove City. Bill Marcovecchio seconded the motion and it was agreed upon by the Board.

#E086 Centerville City

Centerville City has sold bonds to upgrade its culinary system and is requesting the Board provide funds for bond insurance. Ivan Flint made the motion to grant the Centerville City \$16,000 to buy bond insurance for a project that is estimated to cost over \$3 million. Lucille Taylor seconded the motion and the Board agreed.

SAN JUAN WATER CONSERVANCY DISTRICT

Cleal Bradford made the motion to table the San Juan Water Conservancy District request until the September 20, 2002 meeting in Blanding. Brad Hancock seconded the motion and it was agreed upon by the Board. Paul Riley opposed the motion.

DIRECTOR'S REPORT

Director Anderson asked the Board to turn to page 27 of the Board folder about the five-year review of the operating criteria of Colorado River reservoirs. A fact sheet was attached that had been prepared by the Bureau of Reclamation as part of the review process. He said staff has commented on the process and he doesn't anticipate any changes in the long-range operating criteria of the reservoirs.

Mr. Anderson referred to a memo regarding California complying with the Interim Surplus Guidelines. He suggested the Board Members read through the memo to become acquainted with California's Quantification Settlement Agreement which puts a cap on the amounts of water allocated to the Imperial Irrigation District, the Coachella Valley Irrigation District, and the Palo Verde Irrigation District. He then explained the issues surrounding the Salton Sea.

Mr. Anderson said there will be another conference held on the Colorado River Delta in Tijuana in late October.

NEXT BOARD MEETING

The next Board meeting will be September 20th in Blanding. The plan is to meet in Green River early September 19th for a tour of the Gunnison Butte project in Green River and then Grand County Water Conservancy District will provide lunch for the Board in Moab.

Meeting adjourned at 11:50 a.m.